



*Unilever*

**UNILEVER PAKISTAN FOODS LIMITED**

**Condensed Interim Financial Information  
For the half year ended June 30, 2009**

**UNILEVER PAKISTAN FOODS LIMITED  
COMPANY INFORMATION**

**Board of Directors**

Ehsan Ali Malik	Chairman
Fariyha Subhani	Chief Executive
Abdul Rab	Director & CFO
Mian Zulfikar H. Mannoo	Director
Mian M. Adil Mannoo	Director
Kamal Mannoo	Director
Badaruddin F.Vellani	Director
Imran Husain	Director
Mohammad Qayser Alam	Director
Syed Noeman Shirazi	Director

**Company Secretary**

Amar Naseer

**Audit Committee**

Imran Husain	Chairman
Mohammad Qayser Alam	Member
Mian Zulfikar H. Mannoo	Member
Imtiaz Jaleel	Secretary & Head of Internal Audit

**Auditors**

A.F.Ferguson & Co  
Chartered Accountants  
State Life Building No 1-C  
I.I Chundrigar Road, Karachi

**Head Office / Registered Office**

Avari Plaza  
Fatima Jinnah Road,  
Karachi.  
Tel: 021 - 35660062  
Fax: 021 - 35674971

**Factory**

52-KM, Multan Road,  
Pernawan Bhai Pheru, Distt.Kasur  
Tel: 049 - 4510376-79  
Fax: 0303 - 7355366

**Share Registration Office**

C/o Famco Associates (Pvt) Ltd  
[Formerly Ferguson Associates (Pvt.) Ltd]  
State Life building No.1-A  
I.I Chundrigar Road, Karachi

# Unilever Pakistan Foods Limited

## Directors' Review

The directors are pleased to present the financial statements for the half year ended June 30, 2009.

<b>Financial Results</b>	<b>Half Year 2009</b>	<b>Ended June 2008</b>
Net Sales (Rs.000)	<b>1,808,945</b>	1,684,385
Profit before taxation (Rs.000)	<b>187,588</b>	311,941
Profit after taxation(Rs.000)	<b>124,456</b>	204,088
Earnings per share (Rs)	<b>20.21</b>	33.14

The company delivered a sales growth of 7.4% during the period under review on account of aggressive price growth to mitigate increasing input cost. Knorr maintained its growth momentum with noodles a star performer following launch of two new variants and introduction of Pakistani Meal-Makers to bring Knorr to the centre of the plate. The Dessert range was also re-launched during the period with enhanced flexible packaging. Sharp increase in raw material prices has led to a 3% decline in gross margins over last year. There was a 33% increase in advertising expense due to heavy investment behind the launch of the new Meal-maker category and behind the re-launch of desserts. This results in lower profit before tax.

Your directors' declare an interim dividend @ 200% i.e. Rs.20/- per fully paid ordinary share of Rs.10/- for the financial year ending December 31, 2009.

### Future Outlook

The continued inflationary pressure combined with weakening Rupee and deteriorating economic conditions has put pressure on consumer off-take of discretionary food categories. The business environment is expected to remain challenging in second half of the year. To meet this challenge our priority is to build strong brands that deliver exceptional value to our consumers, customers and shareholders.

On behalf of the Board

**Fariyha Subhani**  
Chief Executive

Karachi.  
17 August 2009

# **UNILEVER PAKISTAN FOODS LIMITED**

## **AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION**

### **Introduction**

We have reviewed the accompanying condensed interim balance sheet of Unilever Pakistan Foods Limited as at June 30, 2009 and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity for the half year then ended together with the notes forming part thereof (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarters ended June 30, 2009 and 2008 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2009.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the half year ended June 30, 2009 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Karachi

Date: August 17, 2009

Name of the engagement partner: Ali Muhammad Mesia

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM BALANCE SHEET AS AT JUNE 30, 2009

	Note	Unaudited June 30, 2009 (Rupees in thousand)	Audited December 31, 2008
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	290,405	307,707
Intangible assets		181,145	181,145
Long term loans		5,292	4,836
Long term prepayment		2,448	5,488
		<u>479,290</u>	<u>499,176</u>
<b>Current assets</b>			
Stores and spares		16,407	13,804
Stock in trade		475,169	352,394
Trade debts		73,537	49,976
Loans and advances		22,258	18,897
Trade deposits and short term prepayments		18,973	34,132
Other receivables		1,981	2,519
Taxation - payments less provision		22,185	36,693
Cash and bank balances		4,732	8,022
		<u>635,242</u>	<u>516,437</u>
<b>Total assets</b>		<u><u>1,114,532</u></u>	<u><u>1,015,613</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		61,576	61,576
Reserves		277,896	239,647
		<u>339,472</u>	<u>301,223</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Retirement benefit - obligations		10,455	4,889
Deferred taxation		25,470	37,190
<b>Current liabilities</b>			
Trade and other payables		603,683	415,673
Provision	3	7,120	-
Accrued interest / mark-up		8,225	7,318
Sales tax payable		14,761	6,729
Short term borrowings		105,346	242,591
		<u>739,135</u>	<u>672,311</u>
<b>Total liabilities</b>		<u>775,060</u>	<u>714,390</u>
<b>Commitments</b>	4		
<b>Total equity and liabilities</b>		<u><u>1,114,532</u></u>	<u><u>1,015,613</u></u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdur Rab**  
Director & CFO

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR ENDED JUNE 30, 2009 - UNAUDITED

	QUARTER ENDED		HALF YEAR ENDED	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	← (Rupees in thousand) →			
Sales	1,010,221	879,995	1,808,945	1,684,385
Cost of sales	(629,718)	(517,514)	(1,112,977)	(984,817)
Gross profit	380,503	362,481	695,968	699,568
Distribution cost	(292,808)	(192,585)	(439,139)	(331,083)
Administrative expenses	(8,803)	(11,178)	(17,006)	(20,361)
Other operating expenses	(3,421)	(12,525)	(15,555)	(26,425)
Other operating income	6,708	3,627	9,815	6,359
	82,179	149,820	234,083	328,058
Restructuring cost	(24,000)	-	(24,000)	-
Profit from operations	58,179	149,820	210,083	328,058
Finance cost	(12,571)	(11,319)	(22,495)	(16,117)
Profit before taxation	45,608	138,501	187,588	311,941
Taxation				
- current	(25,987)	(29,380)	(74,852)	(92,880)
- deferred	12,373	(17,989)	11,720	(14,973)
	(13,614)	(47,369)	(63,132)	(107,853)
Profit after taxation	31,994	91,132	124,456	204,088
Earnings per share - Rupees	5.20	14.80	20.21	33.14

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM CASH FLOW STATEMENT FOR THE HALF YEAR ENDED JUNE 30, 2009 - UNAUDITED

	Note	June 30, 2009	June 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations		299,135	478,327
Finance cost paid		(21,588)	(16,466)
Income tax paid		(60,344)	(42,016)
Retirement benefit - obligations paid		-	(3,594)
(Increase) / Decrease in long term loans		(456)	71
Decrease in long term prepayment		3,040	1,972
Net cash from operating activities		<u>219,787</u>	<u>418,294</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Property, plant and equipment purchased		(2,526)	(72,809)
Proceeds on sale of property, plant and equipment		1,716	1,265
Return received on savings accounts		59	133
Net cash used in investing activities		(751)	(71,411)
<b>CASH FLOW FROM FINANCING ACTIVITY</b>			
Dividend paid		(85,081)	(110,849)
Net increase in cash and cash equivalents		<u>133,955</u>	<u>236,034</u>
Cash and cash equivalents at the beginning of the period		(234,569)	(346,216)
Cash and cash equivalents at the end of the period	5	<u>(100,614)</u>	<u>(110,182)</u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

# UNILEVER PAKISTAN FOODS LIMITED

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED JUNE 30, 2009 - UNAUDITED

	SHARE CAPITAL	RESERVES				SUB TOTAL	TOTAL
		CAPITAL		REVENUE			
		Share Premium	Special	General	Unappropriated Profit		
← (Rupees in thousand) →							
Balance as at January 1, 2008	61,576	24,630	628	138	112,010	137,406	198,982
Final dividend for the year ended December 31, 2007 @ Rs 18 per share	-	-	-	-	(110,837)	(110,837)	(110,837)
Profit after taxation for the half year ended June 30, 2008	-	-	-	-	204,088	204,088	204,088
Balance as at June 30, 2008	<u>61,576</u>	<u>24,630</u>	<u>628</u>	<u>138</u>	<u>205,261</u>	<u>230,657</u>	<u>292,233</u>
Balance as at January 1, 2009	61,576	24,630	628	138	214,251	239,647	301,223
Final dividend for the year ended December 31, 2008 @ Rs 14 per share	-	-	-	-	(86,207)	(86,207)	(86,207)
Profit after taxation for the half year ended June 30, 2009	-	-	-	-	124,456	124,456	124,456
<b>Balance as at June 30, 2009</b>	<u><b>61,576</b></u>	<u><b>24,630</b></u>	<u><b>628</b></u>	<u><b>138</b></u>	<u><b>252,500</b></u>	<u><b>277,896</b></u>	<u><b>339,472</b></u>

The annexed notes 1 to 9 form an integral part of this condensed interim financial information.

**Fariyha Subhani**  
Chief Executive

**Abdur Rab**  
Director & CFO



# UNILEVER PAKISTAN FOODS LIMITED

## SELECTED NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE HALF YEAR ENDED JUNE 30, 2009 - UNAUDITED

### 1. BASIS OF PREPARATION

This condensed interim financial information has been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, 'Interim Financial Reporting' and is being submitted to the shareholders as required by section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi and Lahore Stock Exchanges.

The present accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual financial statements of the Company for the year ended December 31, 2008.

	June 30, 2009	(Audited) December 31, 2008
	(Rupees in thousand)	
<b>2. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets - at net book value	<b>289,735</b>	296,030
Capital work in progress - at cost	<b>670</b>	11,677
	<b><u>290,405</u></b>	<b><u>307,707</u></b>

#### 2.1 Details of additions and disposals to operating assets are:

	Additions (at cost)		Disposals (at net book value)	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Rupees in thousand)			
Building on freehold land	-	22,488	-	-
Plant and machinery	<b>5,795</b>	94,258	-	-
Electrical, mechanical and office equipment	<b>6,469</b>	7,174	-	-
Motor vehicles	<b>1,269</b>	2,781	<b>826</b>	735
	<b><u>13,533</u></b>	<b><u>126,701</u></b>	<b><u>826</u></b>	<b><u>735</u></b>

### 3. PROVISION

During the period, the Company made a provision for restructuring of Rs 24 million out of which sum of Rs 16.88 million has been paid to the staff.

### 4. COMMITMENTS

Commitments for capital expenditure outstanding as at June 30, 2009 amounted to Rs 5.24 million (2008: Rs 8.34 million).

June 30,                      June 30,  
**2009**                              2008  
(Rupees in thousand)

**5. CASH AND CASH EQUIVALENTS**

Cash and bank balances	4,732	72,146
Short term borrowings	<u>(105,346)</u>	<u>(182,328)</u>
	<u><b>(100,614)</b></u>	<u><b>(110,182)</b></u>

**6. RELATED PARTY TRANSACTIONS**

Significant related party transactions are:

Relationship with the Company	Nature of transactions		
Ultimate parent company:	Technology fee	7,446	-
Holding company:	Royalty	14,845	-
Other related parties:	Purchases of goods	464,867	441,086
	Property, plant and equipment purchased	-	19,053
	Reimbursement of expenses to related party	47,156	34,193
	Recovery of expenses from related party	20,586	12,886
	Fee for receiving of services from related parties	6,769	10,633
	Sales of goods	12,463	12,369
Key management personnel:	Salaries and other short term employee benefits	4,285	2,520

**7. INTERIM DIVIDEND**

The Board of Directors in its meeting held on August 17, 2009 declared an interim cash dividend of Rs 20 per share (2008: Rs 22 per share) amounting to Rs 123.152 million (2008: Rs 135.47 million). This condensed interim financial information do not reflect this dividend payable.

**8. CORRESPONDING FIGURES**

Prior period's figures have been reclassified for the purpose of better presentation and comparison. Changes made during the period are as follows:

Reclassification from component	Reclassification to component	Quarter Ended June 30, 2008 (Rupees in thousand)	Half Year Ended June 30, 2008
Cost of sales	Distribution cost	4,216	26,492
Administrative expenses	Cost of sales	1,201	1,201
Administrative expenses	Distribution cost	2,659	2,091

**9. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on August 17, 2009 by the Board of Directors of the Company.

**Fariyha Subhani**  
Chief Executive

**Abdur Rab**  
Director & CFO